

MUDGE ROSE GUTHRIE ALEXANDER & FERDON

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WASHINGTON, D.C. 20037
202-429-9355

SUITE 2020
333 SOUTH GRAND AVENUE
LOS ANGELES, CALIF. 90071
213-613-1112

RECORDATION NO. 15375 F
Filed 1425

180 MAIDEN LANE

NEW YORK, N.Y. 10038

212-510-7000

CABLE ADDRESS: BALTUCHINS-NEW

TELEX: WU 127889

TELECOPIER: 212-248-2655

SUITE 900, NORTHBRIDGE CENTRE

515 NORTH FLAGLER DRIVE

WEST PALM BEACH, FL. 33401

305-650-8100

12, RUE DE LA PAIX

75002, PARIS, FRANCE

(1) 42. 61. 57. 71

RECORDATION NO. 15375 F
MAR 22 1988-1 40 PM
INTERSTATE COMMERCE COMMISSION

March 17, 1988

Date 3/22/88
For 26.00
ICC Washington, D.C.

OFFICE OF SECRETARY
100

MAR 22 1 32 PM '88

RECEIVED

MAR 22 1988-1 40 PM
INTERSTATE COMMERCE COMMISSION

Ms. Noreta R. McGee, Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Re: Citibank, N.A./Loan to William
J. Condren

Dear Ms. McGee:

Pursuant to 49 U.S.C. §11303 and the Commission's rules and regulations thereunder, as amended, I enclose herewith on behalf of Citibank, N.A., as lender, for filing and recordation two counterparts of each of the following documents:

- (1) Loan, Security and Consolidation Agreement dated as of July 1, 1987 between William J. Condren, as borrower, and Citibank, N.A., as lender; and
- (2) Amendment No. 1 to Loan, Security and Consolidation Agreement dated as of December 1, 1987 between William J. Condren, as borrower, and Citibank, N.A., as lender.

These documents relate to a loan to Mr. Condren the security for which includes an assignment of his interest in certain railcar rentals. The loan evidenced by these agreements is cross-collateralized with a loan made to Mr. Condren and secured pursuant to a Security Agreement dated as of October 26, 1987 between Mr. Condren and Citibank, N.A. Such Security Agreement was previously recorded by the Interstate Commerce Commission and has been assigned recordation number 1-5375.

The names and addresses of the parties to the aforementioned agreements are as follows:

1. Borrower:
William J. Condren
450 Park Avenue
New York, New York 10022
2. Lender:
Citibank, N.A.
Private Banking & Investment
153 East 53rd Street
New York, New York 10043


Please file and record the documents referred to in this letter and index them under the names of Borrower and Lender.

The cars covered by these agreements are listed in Exhibit A hereto.

Enclosed is our check for \$20.00 for the required recordation fee. Please accept for recordation one counterpart of each of the enclosed agreements, stamp the other counterpart with your recordation number and return them to the delivering messenger along with your fee receipt addressed to the undersigned.

Please do not hesitate to contact the undersigned (212-510-7794) with any questions that you may have concerning the enclosed.

Sincerely,


Bonnie L. Dixon,
attorney for Citibank, N.A.

Encls.
By Hand Delivery

EXHIBIT A

EQUIPMENT SCHEDULE

<u>Number of Cars</u>	<u>Description</u>	<u>AAR Designation</u>	<u>Car Markings (inclusive)</u>
100	73-foot 100-ton Center Beam Thrall Flatcars	FBS	NOKL 8200-8299

RECORDATION NO. *15375-F*
F.104 1428

MAR 22 1988 - 1 40 PM

INTERSTATE COMMERCE COMMISSION

AMENDMENT NO. 1 TO LOAN, SECURITY AND CONSOLIDATION AGREEMENT

Dated as of December 1, 1987

between

WILLIAM J. CONDREN
(Borrower)

and

CITIBANK, N.A.
(Bank)

AMENDMENT NO. 1 TO LOAN, SECURITY AND CONSOLIDATION AGREEMENT

THIS AMENDMENT NO. 1 TO LOAN, SECURITY AND CONSOLIDATION AGREEMENT, dated as of December 1, 1987 ("this Amendment Agreement"), between William J. Condren, whose place of business is located at 450 Park Avenue, New York, New York 10022 (the "Borrower"), and CITIBANK, N.A., a national banking association organized under the laws of the United States of America (the "Bank").

W I T N E S S E T H:

WHEREAS, the Borrower and the Bank have entered into a Loan, Security and Consolidation Agreement dated as of July 1, 1987 (the "Consolidation Loan Agreement") pursuant to which the Bank agreed to lend to the Borrower up to \$4,950,000 evidenced by a note due March 18, 1993 (the "Consolidation Note");

WHEREAS, the Borrower and the Bank have entered into a Loan Agreement dated as of October 26, 1987 (the "Loan Agreement") pursuant to which the Bank agreed to lend to the Borrower up to \$3,860,000 evidenced by floating rate secured notes due February 1, 1992 (the "Floating Rate Notes");

WHEREAS, the Borrower and the Bank have entered into an Aircraft Security Agreement dated as of October 26, 1987 (the "Aircraft Security Agreement") pursuant to which the Borrower granted to the Bank a security interest in the Aircraft as security for the due and punctual payment of the Consolidation Note and the Floating Rate Notes and the performance of certain obligations of the Borrower under the Consolidation Loan Agreement and the Loan Agreement;

WHEREAS, the Borrower and the Bank have entered into a Security Agreement dated as of October 26, 1987 and recorded with the Interstate Commerce Commission under recordation number 1-5375 (the "Flatcar Security Agreement"), pursuant to which the Borrower granted to the Bank a security interest in (i) certain of the Borrower's rights in and to the Lease of Railroad Equipment dated as of September 1, 1987 between the Borrower, as lessor, and Northwestern Oklahoma Railroad Co., as lessee, and recorded with the Interstate Commerce Commission under recordation number 1-5375-C (the "Flatcar Lease"), (ii) certain of the Borrower's rights in and to the Master Agreement dated as of September 1, 1987 among the Borrower, Weyerhaeuser Canada Ltd. and Weyerhaeuser Company and recorded with the Interstate Commerce Commission under recordation number 1-5375-A (the "Master Agreement") and (iii) 85% of the Borrower's partnership interests (the "Elk Partnership Interests") in Elk Grove Air Equipment Company, a New York limited partnership, as security for the due and punctual payment of the Consolidation Note and the Floating Rate Notes and the performance of certain obligations of the

Borrower under the Consolidation Loan Agreement and the Loan Agreement;

WHEREAS, the Borrower and the Bank have entered into an Assignment of Master Agreement and Agreement and an Assignment of Lease and Agreement, each dated as of October 26, 1987, which were recorded by the Interstate Commerce Commission and assigned recordation numbers 1-5375-B and 1-5375-D, respectively, pertaining to assignment to the Bank of the Borrower's interest in the Master Agreement and the Flatcar Lease;

WHEREAS, the Borrower and the Bank desire to make certain amendments to the Consolidation Loan Agreement to provide that the security interest granted to the Bank with respect to the Aircraft Leases shall also secure the due and punctual payment by the Borrower of the Floating Rate Notes and the performance by the Borrower of his obligations under the Loan Agreement, the Aircraft Security Agreement and the Loan and Security Agreement.

NOW, THEREFORE, in consideration of the premises and of other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

1.1. **Definitions.** All capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed thereto in the Consolidation Loan Agreement.

1.2. **Collateral.** The term "Collateral" as defined in the Consolidation Loan Agreement is hereby amended in its entirety to read as follows:

"Collateral" shall mean all real property, personal property and other assets of the Borrower, whether now owned or hereafter acquired, in which the Bank has been or shall hereafter be granted a lien or security interest under this Agreement, the Loan Documents, the Loan Agreement, the Aircraft Security Agreement, the Flatcar Security Agreement or any other agreement, wherever situate, including, without limitation, the Plandome Property, the Southampton Property, the Aircraft, the Aircraft Leases, the right to receive payments under the Aircraft Leases and the Flatcar Leases, the Master Agreement, the Shares and Proprietary Lease pertaining to the Cooperative Apartment, the Elk Partnership Interests and the Partnership Interest, and all proceeds of the foregoing.

1.3. **Obligations.** The term "Obligations" as defined in the Consolidation Loan Agreement is hereby amended in its entirety to read as follows:

"Obligations" shall mean any and all present and future indebtedness, liabilities and obligations of the Borrower to the Bank, whether direct or indirect, joint and/or several, absolute or contingent, due or to become due, now existing or hereafter arising, and whether consisting of principal, interest, fees, charges, costs, expenses or otherwise, including, without limitation, all indebtedness, liabilities and obligations of the Borrower under or pursuant to any of the Loan Documents, the Loan Agreement, the Aircraft Security Agreement or the Flatcar Security Agreement.

ARTICLE II

REPAYMENT OF CONSOLIDATION NOTES AND FLOATING RATE NOTES

2.1. **Proceeds of Aircraft Leases.** Section 2.2(d) of the Consolidation Loan Agreement is hereby amended in its entirety as follows:

(d) All amounts payable by the lessees under the Aircraft Leases on a monthly basis, including basic rent ("Aircraft Monthly Revenues"), plus all amounts payable by the Lessees under the Flatcar Leases for any month in which Aircraft Monthly Revenues are payable ("Flatcar Monthly Revenues"), which are received by the Bank pursuant to the assignments of such Revenues in accordance with Section 2.5(b) hereof shall be applied by the Bank in accordance with Section 2.2(c), first, to the payment of accrued and unpaid interest on the Note, second, to the payment of the unpaid principal amount of the Note, third, to the payment of accrued and unpaid interest on the Floating Rate Notes and fourth to the payment of the unpaid principal amount of the Floating Rate Notes, until the Borrower has repaid the full principal amount of the Note and the Floating Rate Notes and all accrued interest thereon; provided, however, that so long as no Event of Default shall have occurred and be continuing, the Bank shall be entitled to retain Aircraft Monthly Revenues only up to the amount of \$75,000 in any month and shall remit any excess to the Borrower; provided, further, that in the event any amounts other than Aircraft Monthly Revenues or Flatcar Monthly Revenues, as the case may be, shall become payable to the Borrower under the applicable Aircraft Leases or Flatcar Leases, including, without limitation, any supplemental rent, stipulated loss value payments or option

exercise payments (collectively, "Additional Revenues"), such Additional Revenues shall be paid to the Bank when due under the Aircraft Leases or Flatcar Leases, as the case may be, and shall be applied by the Bank, notwithstanding Section 2.2(c), first, to the payment of accrued and unpaid interest on the Note, second, to the payment of the unpaid principal amount of the Note, third, to the payment of accrued and unpaid interest on the Floating Rate Notes and fourth, to the payment of the unpaid principal amount of the Floating Rate Notes, with any amount remaining after payment in full of the unpaid principal amount of and accrued interest on the Note and the Floating Rate Notes, and all other amounts payable to the Bank under this Agreement or the Loan Agreement, the Aircraft Security Agreement and the Flatcar Security Agreement, to be paid to the Borrower. Notwithstanding the foregoing, in the event the Aircraft shall any any time, or from time to time, be off lease, at a time when no Flatcar Monthly Revenues or revenues are available under the assignment of the Flatcar Lease pursuant to the Flatcar Security Agreement, the Borrower shall have the right to pay interest only, at the Rate herein provided, until the next Payment Date specified in Section 2.2(e) hereof.

ARTICLE III

EVENTS OF DEFAULT

3.1. **Amendments of Events of Default.** Article VI of the Consolidation Loan Agreement is hereby amended in its entirety to read as follows:

If any of the following events (each, an "Event of Default" and, collectively, the "Events of Default") shall occur:

(a) The Borrower shall fail to pay when due any installment of principal of or interest on the Note or the Floating Rate Notes, or shall default in the payment when due of any of the other Obligations; or

(b) Any representation, warranty or certification made or given to the Bank (or any of its officers) by the Borrower under or in connection with this Agreement, any Loan Document, the Loan Agreement, the Aircraft Security Agreement, the Flatcar Security Agreement, or any financial statements, applications or other documents shall prove to have been false in any material respect; or

(c) The Borrower shall fail to comply with, perform or observe any term, covenant or agreement contained in this Agreement, any Loan Document, the Loan Agreement, the Aircraft Security Agreement, the Flatcar Security Agreement, or any other contract or agreement with the Bank or otherwise; or

(d) The Borrower shall fail to pay any fees or costs required to be paid to the Bank under this Agreement, any other Loan Document, the Loan Agreement, the Aircraft Security Agreement, the Flatcar Security Agreement, or any other contract or agreement with the Bank or otherwise; or

(e) Except as provided in clause (a) above, the Borrower shall fail to pay any indebtedness for borrowed money, or any interest or premium thereon, when due (whether at scheduled maturity, by required prepayment, acceleration or demand, or otherwise) and such failure shall continue after any applicable grace period; or

(f) The Borrower shall admit in writing his inability to pay his debts, or shall make a general assignment for the benefit of creditors; or

(g) Any case or other proceeding shall be commenced by or against the Borrower seeking an order for relief or to adjudicate him a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, or composition of him or of his debts under any law, domestic or foreign, relating to bankruptcy, insolvency, or reorganization or relief of debtors, or seeking appointment of a receiver, trustee, or other similar official for him or for any substantial part of his property; or

(h) This Agreement, the Aircraft Lease Assignments, the Lease Assignment (as defined in the Loan Agreement), the Assignment of Partnership Interest, the Security Agreement, the Mortgage, the Aircraft Security Agreement, the Flatcar Security Agreement or any other instrument granting the Bank a security interest in any of the Collateral shall for any reason, except to the extent permitted by the terms thereof, cease to create a valid and perfected first priority security interest in the collateral purported to be covered thereby; or

(i) Any of the Collateral shall be subjected to any Lien (other than in favor of the Bank) or to attachment, levy of execution or other judicial process; or

(j) Any person, corporation or other entity (other than the Bank) shall enforce or attempt to enforce any

judgment, Lien or any right or interest with respect to all or any portion of the Collateral; or

(k) A default under any Loan Document, the Loan Agreement, the Aircraft Security Agreement or the Flatcar Security Agreement shall have occurred; or

(l) A final judgment or judgments for the payment of money, aggregating in excess of \$500,000, shall be rendered against the Borrower and remain unpaid or any suit or other action shall be instituted against the Borrower seeking an unspecified amount of damages or damages in excess of \$500,000; or

(m) A material adverse change in the financial and/or business condition of the Borrower shall occur or have occurred; or

(n) A default by any lessee or guarantor occurs and continues beyond any applicable grace period under any of the Aircraft Leases or the Flatcar Leases:

then, or at any time thereafter, the Bank may, but is not obligated to, after notice to the Borrower, declare the Note, the Floating Rate Notes all interest thereon and all other amounts payable to the Bank under this Agreement and all of the other Loan Documents, the Loan Agreement, the Aircraft Security Agreement or the Flatcar Security Agreement to be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE IV

TERMINATION OF INITIAL AIRCRAFT LEASE

4.1. The Borrower and the Lender acknowledge that as of the date hereof the Initial Aircraft Lease has been terminated and that the Borrower has entered into negotiations with Iberia Lines Aereas de Espana ("Iberia") the Sublessee of the Aircraft, with respect to the execution of a direct lease of the Aircraft between the Borrower and Iberia Pending the resolution of such negotiations and/or the releasing of the Aircraft, the Borrower agrees that any and all revenues received by him from time to time with respect to the use of the Aircraft shall be assigned to the Bank pursuant to an assignment in substantially the form of Exhibit A hereto, accompanied by an acknowledgement of notice of assignment in substantially the form of Exhibit B hereto. Any such assigned revenues received by the Bank from time to time shall be deemed to be Aircraft Monthly Revenues for purposes of Section 2.2(d) of the Consolidation Loan

Agreement, as amended hereby, and shall be applied by the Bank as therein provided.

ARTICLE V

AIRCRAFT LEASE ASSIGNMENTS

5.1. Amendment of Aircraft Lease Assignment. The Borrower agrees to execute and deliver to the Bank as promptly as reasonably practicable an Assignment of Aircraft Lease in substantially the form annexed hereto as Exhibit A, notarized and legalized in proper form, and in a sufficient number of original counterparts, for registration with the Aircraft Registry and the Commercial Registry of Spain, whereupon the Assignment of Aircraft Lease dated as of July 23, 1987 previously executed by the Borrower and delivered to the Bank shall be deemed to be null and void and of no further effect. The Borrower also agrees to cause to be executed by the lessee of the Aircraft and delivered to the Bank as promptly as reasonably practicable an Acknowledgement of Notice of Assignment in substantially the form annexed hereto as Exhibit B, notarized and legalized in proper form, and in a sufficient number or original counterparts, for registration with the Aircraft Registry and the Commercial Registry of Spain, whereupon the Acknowledgment of Assignment dated July 23, 1987 previously executed by the lessee of the Aircraft and delivered to the Bank shall be deemed to be null and void and of no further effect.

ARTICLE VI

MISCELLANEOUS

6.1. Captions. All captions in this Amendment Agreement are included herein for convenience of reference only and shall not constitute part of this Amendment Agreement for any other purpose.

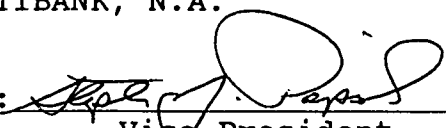
6.2. Governing Law. This Amendment Agreement shall be governed by and construed in accordance with applicable Federal and New York State laws, statutes and regulations. In the event of any conflict between any provision of this Amendment Agreement and any applicable Federal or New York State law or regulation, such law, statute, or regulation shall control to the extent of such conflict, such provision of this Amendment Agreement shall be without effect, and all other provisions of this Amendment Agreement will remain fully effective and enforceable.

6.3. Further Assurances. The Bank and the Borrower agree to execute and deliver such further documents and to do such other acts and things as either partly may deem necessary in order to fully effect the purposes of this Amendment Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

BANK:

CITIBANK, N.A.

By: 
Vice President

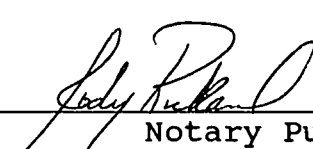
BORROWER:


WILLIAM J. CONDREN

STATE OF NEW YORK)
) :ss:
COUNTY OF NEW YORK)

On the 5th day of February, 1988, before me personally came William J. Condren, to me known and known to me to be the individual described in and who executed the foregoing instrument, and acknowledged to me that he executed the same.

[Notary Seal]

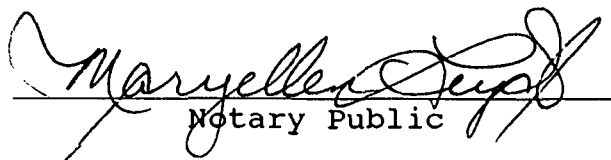

Notary Public

JODY RICKARD
Notary Public, State of New York
No. 31-489678
Qualified in New York County
Commission Expires May 26, 1989

STATE OF NEW YORK)
) :ss:
COUNTY OF NEW YORK)

On the 5th day of February, 1988, before me personally came Stephen Papish, to me known who, being by me duly sworn, did depose and say that he resides at 629 Fairway, Mamaroneck, New York, that he is a Vice President of Citibank, N.A. the corporation described in and which executed the foregoing instrument, and acknowledged to me that he executed the same and that he signed his name by authority of the By-laws of said corporation.

[Notary Seal]


Notary Public

MARYELLEN LEYDEN
Notary Public, State of New York
No. 41-4860881
Qualified in Queens County
Commission Expires May 27, 1988

AIRCRAFT LEASE ASSIGNMENT

AIRCRAFT LEASE ASSIGNMENT dated as of _____, 1987 (this "Aircraft Lease Assignment") by WILLIAM J. CONDREN, with an address and place of business at 450 Park Avenue, New York, New York 10022 (the "Lessor") to Citibank, N.A. (the "Bank"), with an office at One Citicorp Center, 153 East 53rd Street, New York, New York 10043.

W I T N E S S E T H:

WHEREAS, the Lessor and IAL Leasing, Ltd., an English corporation, with an address of 4/16 Deptford Bridge, London, England SE8 4JS, as lessee (the "Lessee") have executed and delivered an Aircraft Lease Agreement dated as of April 1, 1987 (the "Aircraft Lease") pursuant to which the Lessor leased to the Lessee, and the Lessee leased from the Lessor, the Aircraft and Engines (together, the "Aircraft") described in Exhibit A to the Aircraft Lease for the term therein provided; and

WHEREAS, the Aircraft and Aircraft Lease have been duly registered or recorded with the appropriate Government Entity or Entities in Spain in accordance with applicable law and having Spanish aircraft registration number EC-ECU; and

WHEREAS, in order to induce the Bank to (A) enter into a Loan, Security and Consolidation Agreement dated as of July 1, 1987, as amended pursuant to Amendment No. 1 to Loan, Security and Consolidation Agreement, dated as of November 20, 1987 (as so amended, the "Consolidation Loan Agreement") pursuant to which the Bank has agreed, subject to the terms and conditions therein set forth, (i) to make additional loans or advances ("Advances") to the Lessor in an aggregate principal amount of up to \$2,750,000 and (ii) to consolidate such Advances with the presently outstanding indebtedness of the Lessor to the Bank in the principal amount of \$2,200,000, into a single loan (the "Loan") in the maximum principal amount of \$4,950,000 evidenced by the Lessor's Note (the "Note"), as more particularly described in the Loan Agreement, and (B) enter into a Loan Agreement dated as of October 26, 1987 (the "Loan Agreement") pursuant to which the Bank has agreed, subject to the terms and conditions therein set forth, to make a loan to the Borrower in an aggregate principal amount of \$3,860,000, evidenced by the Lessor's Floating Rate Notes (the "Floating Rate Notes"), as more particularly described in the Loan Agreement (such loan, together with the Advances, being herein referred to as the "Loans"), the Lessor desires to assign its rights in and to the Aircraft Lease and all payments due and to become due thereunder to the Bank;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, receipt of which is hereby

acknowledged, the Lessor, for the benefit of the Bank and its permitted successors and assigns, hereby agrees and confirms as follows:

SECTION 1. Security Assignment.

As security for the due and punctual payment by the Lessor of the principal of and interest on the Loans in accordance with the terms of the Note, the Floating Rate Notes, the Consolidation Loan Agreement and the Loan Agreement and the performance and observance by the Lessor of all of the other covenants and agreements made by the Lessor therein, the Lessor hereby assigns to the Bank, and confirms that the Lessor has granted to the Bank a security interest in, and does hereby confirm such grant to the Bank of, all of the Lessor's right, title and interest in and to the Aircraft Lease, together with all renewals of the Aircraft Lease executed or in effect from time to time and all payments due and to become due thereunder to the Lessor, including, without limitation, all payments of rent, all insurance proceeds (other than public liability insurance proceeds) and all other amounts due and to become due thereunder.

SECTION 2. Lessee's Acknowledgment.

In order to evidence the Lessee's consent to this Aircraft Lease Assignment, the Lessor shall deliver to the Bank an Acknowledgment of Notice of Assignment in form and substance satisfactory to the Bank, duly authorized, executed and delivered by the Lessee and by International Air Leases, Inc., as guarantor with respect to the Lease.

SECTION 3. Miscellaneous.

(a) Except as otherwise defined herein, all capitalized terms used in this Aircraft Lease Assignment shall have the meanings given or referred to in the Aircraft Lease, a true, complete and correct copy of which has heretofore been delivered to the Bank.

(b) The terms of this Aircraft Lease Assignment shall not be waived, altered, modified, amended, supplemented or terminated in any manner whatsoever except by written instrument signed or acknowledged by the Bank.

(c) The agreements of the Lessor contained in this Aircraft Lease Assignment shall inure to the benefit of the Bank and its permitted successors and assigns.

IN WITNESS WHEREOF, the Lessor has executed this Aircraft Lease Assignment as of the date first set forth above.

WILLIAM J. CONDREN

STATE OF NEW YORK)
) :ss:
COUNTY OF NEW YORK)

On the day of _____, 1987, before me personally
came William J. Condren, to me known and known to me to be the indi-
vidual described in and who executed the foregoing instrument, and
acknowledged to me that he executed the same.

[Notary Seal]

Notary Public

ACKNOWLEDGEMENT OF NOTICE OF ASSIGNMENT

_____, 1987

Citibank, N.A.
153 East 53rd Street
New York, New York 10043

Attention: Private Banking and Investment

Mr. William J. Condren
450 Park Avenue
New York, New York 10022

The Aircraft Lease Agreement (the "Lease") dated as of April 1, 1987 between IAL Leasing Ltd., as lessee (the "Lessee") and William J. Condren, as lessor (the "Lessor"), providing for the lease to the Lessee of One (1) McDonnell Douglas DC 9-32 Aircraft, Manufacturer's Serial No. 47201

Gentlemen:

Under the terms and conditions of the captioned Lease, the Lessee is obligated to remit to the Lessor on a monthly basis during the term of the Lease payments covering the Rent due and to become due under the Lease and the Airframe Reserve Rate for each flight hour, as more particularly described in the Lease and Appendices B and D thereto.

The undersigned hereby acknowledges that the Lease and all sums due and to become due to the Lessor thereunder have been assigned by the Lessor to Citibank, N.A. (the "Bank") in order to secure the payment under (A) a certain Loan, Security and Consolidation Agreement, dated as of July 1, 1987, as amended pursuant to Amendment No. 1 to Loan, Security and Consolidation Agreement, between the Bank and the Lessor, of certain indebtedness of the Lessor to the Bank in the aggregate principal amount at any one time outstanding not to exceed \$4,950,000 and (B) a certain Loan Agreement, dated as of October 26, 1987, between the Bank and the Lessor, of certain indebtedness of the Lessor to the Bank in the aggregate principal amount at any one time outstanding not to exceed \$3,860,000. Until notified to the contrary by the Bank, the undersigned Lessee agrees to pay all rentals and other sums due or to

become due under the Lease in immediately available funds in United States dollars directly to the Bank by wire transfer marked for credit to Account No. 37981746 at its address set forth above. The Lessee agrees that, until notified to the contrary by the Bank, the Bank, as assignee of the Lease, shall have the right to exercise the rights, privileges and remedies (either in its own name or in the name of the Lessor) for the use and benefit of the Bank which, by the terms of the Lease or by applicable law, are permitted or provided to be exercised by the Lessor.

The Lessee hereby acknowledges that the Lessee will make the above-mentioned rent payments directly to the Bank; that the Lease is in full force and effect; that the Lessee will continue to pay the rent as provided in the Lease; that there are no liens or judgments, suits or proceedings, pending or threatened, against the Lessee which would adversely affect its ability to make payments under the Lease; that no approval, consent or withholding of objection is required from any governmental authority with respect to the performance by the Lessee under the Lease; that the rental payments to be made to the Bank are not subject to any defense, setoff or counterclaim, including recoupment against or other diminution of any amount payable to the Bank; that the Bank shall enjoy all of the Lessor's rights and privileges under the Lease; that the Bank, by reason of this assignment, shall not be required to perform any of the duties, obligations or other functions of the Lessor under the Lease; that no defaults exist on the part of the Lessee in the performance of its obligations under the Lease; that the Lessee has not made with respect to the Lessor, nor intends to make with respect to the Bank any claims, offsets, demands or defenses of any kind, nature or description with reference to any of the Lessor's obligations under the Lease.

The Lessee agrees that its obligations under the Lease being assigned for the benefit of the Bank shall be performed and all amounts payable to the Lessor thereunder shall be paid by the Lessee to the Bank in any event despite any interference with the quiet enjoyment of the Aircraft by the Lessor or any other party, provided, however, that the Bank shall not interfere with such quiet enjoyment as long as no Event of Default has occurred under the Lease. The Lessee further agrees that its indemnification pursuant to Article 10 of the Lease shall hold harmless the Bank in all events with the same force and effect as though the Bank were named therein as an Indemnified Party.

The Lessee covenants and agrees that it will at all times while the Lease is in effect, at its own expense, cause to be carried and maintained property and public liability insurance in such amounts and against such risks and with such insurers as required by Article 11 of the Lease. All such property insurance policies and public liability policies shall provide that the Lessor, the Bank and the Lessee shall be named insureds. The Lessee shall require its

insurance broker to give thirty (30) days prior written notice to the Lessor and the Bank prior to any cancellation, reduction or material change to the policies required hereunder.

All policies of insurance shall provide that the same shall not be cancelled or materially changed without at least thirty (30) days prior written notice to each insured named therein. The Lessee covenants and agrees that it will throughout the term hereof furnish, upon request, to the Lessor and the Bank certificates of insurers of other satisfactory evidence of the maintenance of the required insurance.

Very truly yours

IAL LEASING, LTD.

By: _____

Title: _____

Date: _____

CONSENTED AND AGREED TO:

INTERNATIONAL AIR LEASES,
INC.,
as guarantor with respect to
the captioned Lease.

By: _____

Title: _____

Date: _____